

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary - Public

**Date:** 9/24/2009

**GAIN Report Number:** IN9126

## India

**Post:** New Delhi

## Oilseed Update - September

### Report Categories:

Oilseeds and Products

### Approved By:

Holly Higgins

### Prepared By:

Amit Aradhey

### Report Highlights:

Area planted to kharif (fall and early winter harvested) oilseeds (peanuts, soybean and sunflower) is down 6 percent to 14.3 million hectares. Peanut and sunflower sowing is down 16 percent over last year. Good monsoon rains in recent weeks (August 20 through September 15) have restored soil moisture levels and improved soybean crop conditions across major growing regions. However, a moisture deficit during the current stage of crop growth (reproductive stage) could lead to eventual yield losses. For the first 11 months of MY 2008/09, edible oil imports were up 59 percent at 7.5 million tons, while soymeal exports were down 39 percent at 3.9 million tons.

### General Information:

#### Oilseed Plantings Down 6 percent

According to data released by the Ministry of Agriculture's progressive planting report <sup>[1]</sup> for the week ending September 11, 2009, area planted to kharif (fall and early winter harvested) oilseeds, which include mostly peanuts,

soybean and sunflower, is down 6 percent to 14.3 million hectares. The soybean crop is planted on 9.52 million hectares (ha) as compared to 9.56 million ha planted last year. Peanut and sunflower sowing was down 16 percent at 4.3 million ha and 474,000 ha respectively.

[1] <http://agricoop.nic.in/ncfcweather/ncfcasSep-11-2009.pdf>

### **Soil Moisture Restored, but Sustained Rainfall Necessary**

Good monsoon rains in the recent past (August 20 through September 15) have restored soil moisture levels and have improved soybean crop conditions across major growing regions. However, a moisture deficit during the current stage of crop growth (reproductive stage) could lead to yield losses. Peanut yields are likely to be lower this kharif season due to prolonged moisture stress during the crop establishment stage.

### **Lack of Rains May Dull Rapeseed-Mustard Crop Prospects**

Higher temperature and a lack of rains during last week may hamper rapeseed-mustard crop prospects in Rajasthan unless soil moisture conditions are restored.

### **Edible Oil Imports Up 59 percent**

Total edible oil imports from October 2008 through August 2009 were up by 2.8 million tons to 7.5 million tons (Table 1). For the first time since 2001, India has imported 5,000 tons of cottonseed oil (during July 2009) and a substantial volume of RBD palmolein (volume > 1 million tons). The overall edible oil import forecast for MY 2008/09 remains unchanged at 8 million tons.

### **Oilmeal Exports Down 39 percent**

Total oilmeal exports during the first 11 months of MY 2008/09 were down 39 percent at 3.9 million tons (Table 2) due to weak export demand and lower oilseed crushing levels. The export forecast for oilmeals (soybean, rapeseed, peanut, cotton seed, sunflower, and copra meal) during MY 2008/09 remains unchanged at previous levels.

### **Export Subsidy on Soymeal Lowered**

As per the recent Notification (No. 1/2009-2014, dated 08/27/09), issued by the Director General of Foreign Trade (DGFT), Ministry of Commerce, GOI, the new foreign trade policy, 2009-2014, has come into force w.e.f. August 27, 2009. In a public notice (No. 04/ 2009-14, dated 08/31/09) issued by DGFT, soybean meal has been removed from Vishesh Krishi and Gram Udyog Yojana (VKGUY) Scheme (special agriculture and village industry scheme) and placed under Focus Product Scheme, wherein the export subsidy for soymeal has been reduced to 2 percent (the export subsidy under VKGUY scheme was 5 percent of FOB value). This policy change will reduce the competitiveness of Indian soymeal in the export market and will also hurt exports. A positive outlook for world soybean crop in MY 2009/10 will further dampen export prospects.

**Table 1: Edible Oil Imports (1000 Metric tons)**

	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Oct 08- Aug- 09	Oct 07- Aug-08	% Change
RBD palm-olein	193	138	129	142	63	40	104	143	61	77	110	1,199	411	192
Crude palm oil	452	364	487	549	432	432	432	445	354	334	373	4,654	3,627	28
Crude palm olein	0	0	0	0	0	0	0	0	0	0	0	0	22	-
Crude Palm kernel oil	2	7	8	12	3	7	21	11	4	4	8	89	18	392
<b>Total palm oil</b>	<b>648</b>	<b>509</b>	<b>624</b>	<b>704</b>	<b>498</b>	<b>479</b>	<b>556</b>	<b>599</b>	<b>419</b>	<b>416</b>	<b>490</b>	<b>5,941</b>	<b>4,078</b>	<b>46</b>
Crude soybean oil	126	0	61	67	154	46	26	48	259	66	96	949	604	57
Refined soybean oil	0	0	0	0	0	0	0	0	0	0	0	0	2	-
<b>Total soy oil</b>	<b>126</b>	<b>0</b>	<b>61</b>	<b>67</b>	<b>154</b>	<b>46</b>	<b>26</b>	<b>48</b>	<b>259</b>	<b>66</b>	<b>96</b>	<b>949</b>	<b>606</b>	<b>57</b>
Crude sun oil	11	8	32	84	78	84	67	30	55	66	26	541	2	
Refined sun oil	0	0	0	0	0	0	0	0	0	0	0	0	0	-
<b>Total sun oil</b>	<b>11</b>	<b>8</b>	<b>32</b>	<b>84</b>	<b>78</b>	<b>84</b>	<b>67</b>	<b>30</b>	<b>55</b>	<b>66</b>	<b>26</b>	<b>541</b>	<b>2</b>	<b>-</b>
Canola Rape oil	0	0	0	2	0	0	5	19	8	4	0	38	0	-
Cottonseed Oil	0	0	0	0	0	0	0	0	0	5	0	5	-	-
Coconut oil	2	2	2	1	0	0	6	0	2	0	0	15	13	13
<b>Grand Total</b>	<b>787</b>	<b>519</b>	<b>719</b>	<b>857</b>	<b>730</b>	<b>610</b>	<b>659</b>	<b>697</b>	<b>742</b>	<b>557</b>	<b>613</b>	<b>7,490</b>	<b>4,700</b>	<b>59</b>

Source: Solvent Extractors' Association (SEA) of India

**Table 2: Oilmeal Exports (Metric tons)**

	Soybean meal	Rapeseed meal	Peanut meal	Rice bran meal	Sunflower meal	Castor meal	Total
<b>Oct-08</b>	88,723	30,318	0	6,075	0	28,320	153,436
<b>Nov-08</b>	647,400	26,335	0	2,435	0	617	676,787
<b>Dec-08</b>	655,882	41,318	5,700	0	0	631	703,531
<b>Jan-09</b>	521,243	27,680	0	503	0	14,800	564,226
<b>Feb-09</b>	375,098	27,558	10,748	5,490	0	21,901	440,795
<b>Mar-09</b>	224,639	83,041	11,300	8,200	0	10,820	338,000
<b>Apr-09</b>	100,106	102,187	0	19,348	0	16,944	238,585
<b>May-09</b>	77,018	87,472	0	3,560	0	7,300	178,350
<b>Jun-09</b>	109,923	58,805	0	12,580	239	16,046	197,593
<b>Jul-09</b>	58,268	107,144	0	6,430	487	1,000	173,329
<b>Aug-09</b>	127,299	61,668	0	5,710	515	19,615	214,807
<b>Oct 08-Aug-09</b>	<b>2,985,599</b>	<b>653,526</b>	<b>27,748</b>	<b>70,331</b>	<b>1,241</b>	<b>137,994</b>	<b>3,879,439</b>
<b>Oct 07-Aug-08</b>	<b>4,722,036</b>	<b>1,040,957</b>	<b>97,169</b>	<b>183,998</b>	<b>1,025</b>	<b>276,754</b>	<b>6,321,939</b>
<b>% Change</b>	<b>-37</b>	<b>-37</b>	<b>-71</b>	<b>-62</b>	<b>21</b>	<b>-50</b>	<b>-39</b>

Source: Solvent Extractors' Association (SEA) of India